State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
STATE: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(4) The payments authorized by this Paragraph shall be effective in accordance with G.S. 108A-55(c).

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
STATE: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(n) An additional disproportionate share hospital payment during the twelve-month period ending September 30, 1999 (subject to the availability of funds and to the payment limits specified in this Paragraph) shall be paid to large free-standing inpatient rehabilitation hospitals that are qualified public hospitals. For purposes of this paragraph a large free-standing inpatient rehabilitation hospital is a hospital licensed for more than 100 rehabilitation beds. For purposes of this paragraph a qualified public hospital is a hospital that: qualifies for disproportionate share hospital status under Subparagraph (a) (1) through (5) of this state plan; does not qualify for disproportionate share hospital status under Subparagraph (a)(6) of this state plan; was owned or operated by a State (or by an instrumentality or a unit of government within a State) from September 16, 1999 through and including September 30, 1999; and verifies its status as a public hospital by certifying state, local, hospital district or authority government control on the most recent version of Form HCFA-1514 filed with the Health Care Financing Administration, U.S. Department of Health and Human Services on or before September 16, 1999.

(1) The payment to qualified hospitals for the 12-month period ending September 30, 1999 shall be based on and shall not exceed the "Medicaid Deficit" for each hospital. The Medicaid Deficit shall be calculated by ascertaining the reasonable costs of inpatient and outpatient hospital Medicaid services less Medicaid payments received or to be received for these services. For purposes of this Subparagraph:

(A) Reasonable costs shall be ascertained in accordance with the provisions of the Medicare Provider Reimbursement Manual as defined in Paragraph (b) of this state plan;

(B) The phrase "Medicaid payments received or to be received for these services" shall exclude all Medicaid disproportionate share hospital payments received or to be received.

DEC

TN No. 99-20 Approval Date _____ Eff. Date 9/16/99
Supersedes
TN. No. new

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
STATE: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(2) The disproportionate share hospital payments to qualified public hospitals shall be made on the basis of an estimate of costs incurred and payments received for inpatient and outpatient Medicaid services during the payment fiscal year 1999. The Director of the Division of Medical Assistance shall determine the amount of the estimated payments to be made by analysis of costs incurred and payments received for Medicaid services as reported on cost reports for the fiscal year ending in 1998 and filed before September 16, 1999 and supplemented by additional financial information available to the Director when the estimated payments are calculated if and to the extent that the Director concludes that the additional financial information is reliable and relevant.

(3) The payment limits of the Social Security Act, Title XIX, Section 1923(g)(1) applied to this payment require that when this payment is added to other disproportionate share hospital payments, the total disproportionate share hospital payments will not exceed 100 percent of the total costs of providing inpatient and outpatient services to Medicaid and uninsured patients for the fiscal year in which such payments are made, less all payments received for services to Medicaid and uninsured patients for that year. The total of all DSH payments by the Division may not exceed the limits on Disproportionate Share hospital funding as established for this State by HCFA for the fiscal year in which such payments are made.

(4) To ensure that estimated payments pursuant to this paragraph do not exceed the State aggregate upper limits to such payments established by applicable federal law and regulation (42 C.F.R. 447.272), such payments shall be cost settled within 12 months of receipt of the completed cost report covering the 12 month period for which such payments are made. No additional payments shall be made in connection with the cost settlement.

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
STATE: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(5) The payments authorized by this Paragraph shall be effective in accordance with G.S. 108A-55(c).

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

OUT-OF-STATE HOSPITALS

(a) Except as noted in Paragraph (c) below, the Division of Medical Assistance shall reimburse out-of-state hospitals using the DRG methodology. The DRG hospital unit value for all out-of-state hospitals shall be equal to the unit value of the 45th percentile North Carolina hospital. Out-of-state providers are eligible to receive cost and day outlier payments, but not direct medical education payment adjustments.

(b) Hospitals that are certified for indirect medical education by Medicare may apply for an indirect medical education adjustment to its North Carolina rate.

(c) Hospitals certified as disproportionate share hospitals by the Medicaid agency in their home state may apply for a disproportionate share adjustment to their North Carolina Medicaid rate. The North Carolina disproportionate share hospital rate adjustment shall be the hospital's home state DSH adjustment, not to exceed 5% of the DRG payment.

(d) The Division of Medical Assistance may enter into contractual relationships with certain hospitals providing highly specialized inpatient services, i.e. transplants in which case reimbursement for inpatient services shall be based upon a negotiated rate.

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

SPECIAL SITUATIONS

(a) In order to be eligible for inpatient hospital reimbursement under this hospital inpatient reimbursement plan, a patient must be admitted as an inpatient and stay past midnight in an inpatient bed. The only exceptions to this requirement are those admitted inpatients who die or are transferred to another acute care hospital on the day of admission. Hospital admissions prior to 72 hours after a previous inpatient hospital discharge are subject to review by the Division of Medical Assistance.

Services for patients admitted and discharged on the same day and who are discharged to home or to a non-acute care facility must be billed as outpatient services. In addition patients who are admitted to observations status do not qualify as inpatients, even when they stay past midnight. Patients in observation status for more than 30 hours must either be discharged or converted to inpatient status.

(b) Outpatient services provided by a hospital to patients within the 24 hour period prior to an inpatient admission in the same hospital that are related to the inpatient admission shall be bundled with the inpatient billing.

(c) When a patient is transferred between hospitals, the transferring hospital shall receive a pro-rated payment equal to the normal DRG payment multiplied by the patient's actual length of stay divided by the geometric mean length of stay for the DRG. When the patient's actual length of stay equals or exceeds the geometric mean length of stay for the DRG, the transferring hospital receives full DRG payment. Transfers are eligible for cost outlier payments. The final discharging hospital shall receive the full DRG payment.

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(d) Days for authorized nursing facility level of care rendered in an acute care hospital shall be reimbursed at a rate equal to the average rate for all such Medicaid days based on the rates in effect for the long term care plan year beginning each October 1.

Days for lower than acute level of care for ventilator dependent patients in swing-bed hospitals or that have been down-graded through the utilization review process may be paid for up to 180 days at a lower level ventilator-dependent rate if the hospital is unable to place the patient in a lower level facility. An extension may be granted if in the opinion of the Division of Medical Assistance the condition of the patient prevents acceptance of the patient. A single all inclusive prospective per diem rate is paid, equal to the average rate paid to nursing facilities for ventilator-dependent services. The hospital must actively seek placement of the patient in an appropriate facility.

(e) The Division of Medical Assistance may make a retrospective review of any transfers to a lower level of care prior to the expiration of the average length of stay for the applicable DRG. The Division of Medical Assistance may adjust the DRG payment if the transfer is deemed to be inappropriate, based on the preponderance of evidence of a case by case review.

(f) In state-operated hospitals, the appropriate lower level of care rates equal to the average rate paid to state operated nursing facilities, are paid for nursing facility level of care patients awaiting placement in a nursing facility bed.

(g) For an inpatient hospital stay where the patient is Medicaid eligible for only part of the stay, the Medicaid program shall pay the DRG payment less the patient's liability or deductible, if any, as provided by 10 NCAC 50B .0406 and .0407. (See page 28 - 28(c) of this plan)

COST REPORTING AND AUDITS

Annual cost reports shall be filed as directed by the Division of Medical Assistance in accordance with 42 CFR 447.253 (f) and (g).

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

ADMINISTRATIVE RECONSIDERATION REVIEWS

Reconsideration reviews of rate determinations shall be processed in accordance with the provisions of 10 NCAC 26K (See page 29 - 29(a) of this plan). Requests for reconsideration reviews shall be submitted to the Division of Medical Assistance within 60 days after rate notification, unless unexpected conditions causing intense financial hardship arise, in which case a reconsideration review may be considered at any time.

BILLING STANDARDS

(a) Providers shall use codes from the International Classification of Diseases, 9th Revision, Clinical Modification (ICD-9-CM) to report diagnoses and procedures. This material is hereby incorporated by reference including any subsequent amendments and editions and is available for inspection at the Division of Medical Assistance, 1985 Umstead Drive, Raleigh, NC. Copies may be obtained from the American Medical Association, 515 North State Street, Chicago, IL 60610 at a cost of fifty nine dollars and ninety five cents ($59.95). Tel: 800-621-8335. Providers shall use the codes which are in effect at the time of discharge. The reporting of ICD-9-CM diagnosis and procedure codes shall follow national coding guidelines promulgated by the Health Care Financing Administration.

(b) Providers shall generally bill only after discharge. However, interim billings may be submitted on or after 60 days after an admission and on or after every 60 days thereafter.

(c) The discharge claim is required for Medicaid payment. The purpose of this Rule is to assure a discharge status claim is filed for each Medicaid stay.

(1) An interim billing must be followed by a successive interim billing or discharge (final) billing within 180 days of the date of services on the most recent claim. When an interim claim is not followed by an additional interim or discharge (final) claim within 180 days of the "to date of services" on the most recent paid claim, all payments made for all claims for the stay will be recouped.

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(2) After a recoupment is made according to this plan, a subsequent "admit through discharge" or interim claim for payment will be considered for normal processing and payment unless the timely filing requirements of 10 NCAC 26D .0012 are exceeded (See page 30 of this plan).

PAYMENT OF MEDICARE PART A DEDUCTIBLES

For payment of Medicare Part A claims, the Division of Medical Assistance shall pay the Medicaid DRG payment less the amount paid by Medicare not to exceed the sum of the Medicare Coinsurance and Deductible.

For payment of Medicare Part A claims for psychiatric and rehabilitation services, the Division of Medical Assistance shall pay the Medicaid per diem less the amount paid by Medicare not to exceed the sum of the Medicare Coinsurance and Deductible.

PAYMENT ASSURANCES

The state shall pay each hospital the amount determined for inpatient services provided by the hospital according to the standards and methods set forth in this plan. In all circumstances involving third party payment, Medicaid shall be the payor of last resort.

PROVIDER PARTICIPATION

Payments made according to the standards and methods described in this plan are designed to enlist the participation of a majority of hospitals in the program so that eligible persons can receive medical care services covered by the North Carolina Medicaid program at least to the extent these services are available to the general public.

PAYMENT IN FULL

Participation in the North Carolina Medicaid program shall be limited to hospitals who accept the amount paid in accordance with this plan as payment in full for services rendered to Medicaid recipients.

State Plan Under Title XIX of the Social Security Act
Medical Assistance
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

These changes to the payment for general hospital inpatient services reimbursement plan will become effective when:

The Health Care Financing Administration, U.S. Department of Health and Human Services, approves amendment submitted to HCFA by the Director of the Division of Medical Assistance on or about January 1, 1995 as #MA 94-33, wherein the Director proposes amendments of the State Plan to amend payment for general hospital inpatient services.